Precontractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: M&G Real Estate Debt Fund SCSp, SICAV-RAIF – REDF 7 Euro
Legal Entity Identifier: 25490037CVE29TMIML14

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

● ● ☐ **Yes** ● ● ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**:

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**:

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund will promote the following ESG characteristics:

(a) Improving the environmental performance of Portfolio Investments over time; and

(b) Excluding investments which are considered harmful to the environment or society.

The Sub-Fund will seek to improve the performance of Portfolio Investments over time. This objective will be measured in the following ways:

(a) Following the expiration of the Investment Period, the Sub-Fund will have committed and/or invested a minimum of 30% of aggregate Commitments to Portfolio Investments that qualify as Sustainable Investments. For the avoidance of doubt, Portfolio Investments (including Sustainable Investments) which have been disposed of and/or realised will be included within this calculation;

(b) Following the expiration of the Initial Period, the Sub-Fund's Portfolio Investments will comprise of at least 30% Sustainable Investments. The percentage of Portfolio Investments that are considered to be Sustainable Investments will be calculated on a cumulative basis as (1) the sum of invested and/or committed Portfolio Investments which qualify as Sustainable Investments, divided by (2) the sum of all invested and/or committed Portfolio Investments, expressed as a percentage. For the avoidance of doubt, Portfolio Investments (including Sustainable Investments) which have been disposed of and/or realised will be included within limbs (1) and (2) of the calculation;

(c) The Sub-Fund will seek to improve the overall energy efficiency of its Portfolio Investments. The energy efficiency for any single Portfolio Investment will be calculated as the average energy performance certificate rating, weighted by floor area, of the real estate which secures that Portfolio Investment; and

(d) The Sub-Fund will seek to improve the aggregate green building certifications of the real estate backing its Portfolio Investments. The green building certification for any single Portfolio Investment will be calculated as the average green building certification, weighted by floor area, of the real estate which secures that Portfolio Investment.

Sustainable Investment means a Green Loan and/or a Sustainability-Linked Loan, in each case, as assessed and determined at the time of acquisition of such Portfolio Investment. Sustainable Investments are deemed to satisfy the requirements of a sustainable investment as defined in the SFDR.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
  - % of aggregate Commitments classified as Green Loans and/or Sustainability-Linked Loans (measured at the expiry of Investment Period only)
  - % of Portfolio Investments classified as Green Loans or Sustainability-Linked Loans
  - % improvement in EPC rating of the real estate backing Portfolio Investments
  - Weighted average EPC rating of the real estate backing Portfolio Investments
  - % increase in area of real estate backing Portfolio Investments with green building certification
  - % of Portfolio Investments with green building certification
  - % of Portfolio Investments backed by real estate involved in the extraction, storage, transport or manufacture of fossil fuels
  - % of Portfolio Investments that do not adhere to Sub-Fund's exclusion rules

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**
  To invest in economic activities that are environmentally sustainable. Sustainable investments that the Sub-Fund makes positively contribute to sustainability indicators. Positive contribution to environmental objective is demonstrated by classification of Portfolio Investment as a Green Loan or Sustainability-Linked Loan.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**
  Prior to acquisition and over the holding period of the Portfolio Investments, PAI indicators are assessed and monitored for each sustainable investment to ascertain that it does not cause significant harm.

  This Sub-Fund invests in debt secured by real estate assets. PAI indicators are considered on a look through basis at the level of real estate assets. The following two PAI indicators applicable to real estate assets, as defined in the Annex I of EU Commission Delegated Regulation 2022/1288, are considered:
  - exposure to fossil fuels through real estate assets
  - exposure to energy inefficient real estate assets

  These PAI indicators are part of the Green Loan eligibility criteria and thus for Green Loans are assessed through evaluation of the loan against the criteria. For Sustainability-Linked Loans PAI indicators will be assessed on an investment-by-investment basis as part of due diligence.

  - **How have the indicators for adverse impacts on sustainability factors been taken into account?**
    Thresholds are established for the two PAI indicators applicable to real estate assets outlined above. PAI indicators are part of Green Loan eligibility criteria. All sustainable investments are evaluated against these thresholds as part of due diligence and periodically thereafter. Portfolio Investments that breach these thresholds do not qualify as sustainable investments.

  - **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**
    Due diligence performed prior to making a Portfolio Investment and at least annually during the term of a Portfolio Investment will include consideration of alignment with the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. This is performed through application of Global Norms exclusion related to United Nations Global Compact principles. If a potential investment is assessed to be in breach of the exclusion, it will not be acquired by the Sub-Fund. For existing Portfolio Investments, the Portfolio Manager of the Sub-Fund will engage with the borrower.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, at the product level, the Sub-Fund considers principal adverse impacts through assessing and monitoring the two PAI indicators applicable to real estate assets outlined above. Adverse impacts are considered for engagement with the borrowers.

The information on how principal adverse impacts on sustainability factors were considered will be available in the annual report of the Sub-Fund.

☐ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Sub-Fund aims to achieve attractive risk-adjusted returns by funding, acquiring, originating or investing in loans, bonds and other securities backed directly or indirectly by commercial real estate and / or residential properties located in the UK and Europe.

The Sub-Fund's investment approach combines credit analysis with an assessment of ESG factors. Sustainability considerations are fully integrated in the investment process and ESG credentials are measured through a range of sustainability indicators. A portion of the Sub-Fund's Portfolio Investments will also aim to demonstrate a positive environmental contribution. These will include Green and Sustainability-Linked Loans. For Green Loans eligibility will be determined in accordance with criteria provided by external service provider. Sustainability-Linked Loans will be externally verified. The Sub-Fund will also engage with borrowers and sponsors to promote and encourage improvements in environmental efficiency of the real estate backing the Portfolio Investments.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**
  The date on which the Investment Period expires, the Sub-Fund will have committed and/or invested a minimum of 30% of aggregate Commitments to Portfolio Investments that qualify as Sustainable Investments. For the avoidance of doubt, Portfolio Investments (including Sustainable Investments) which have been disposed of and/or realised will be included within this calculation.

  Following the expiration of the Initial Period, the Sub-Fund's Portfolio Investments will be comprised of at least 30% Sustainable Investments. The percentage of Portfolio Investments that are considered to be Sustainable Investments will be calculated on a cumulative basis as (1) the sum of invested and/or committed Portfolio Investments which qualify as Sustainable Investments, divided by (2) the sum of all invested and/or committed Portfolio Investments, expressed as a percentage. For the avoidance of doubt, Portfolio Investments (including Sustainable Investments) which have been disposed of and/or realised will be included within limbs (1) and (2) of the calculation.

  For each Portfolio Investment, EPC rating and Green Building certification will be assessed, monitored and, where relevant, commitments related to the improvement will be incorporated into contractual agreement with a borrower.

The Sub-Fund may not make a Portfolio Investment which, at the time of its acquisition, would be secured by real estate which is within scope of the following:
(a) Any real estate that is owned and controlled by or has Significant Tenants that are listed companies assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption.
(b) Any real estate that has tenants that are listed companies assessed to derive the majority of their income from or whose primary business activity is the production of anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and white phosphorous munitions, blinding laser and non-detectable fragment weapons.
(c) Any real estate that has tenants that are Excluded Companies per the Portfolio Manager's Thermal Coal Investment Policy.
Details of the implementation of these exclusions are included within "Sub-Fund Special Sections - Investment Restrictions – ESG Exclusions".

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**
  The Sub-Fund does not set a committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**
  Good governance practices of borrowers are assessed prior to making a Portfolio Investment and monitored during the term of the Portfolio Investment. Governance factors considered include sound management structures, employee relations, remuneration of staff and tax compliance. The Sub-Fund does not provide loans to borrowers that do not demonstrate good governance which is determined as part of initial due diligence. Material governance issues arising from periodic due diligence are considered for engagement with borrowers.

Asset allocation describes the share of investments in specific assets.

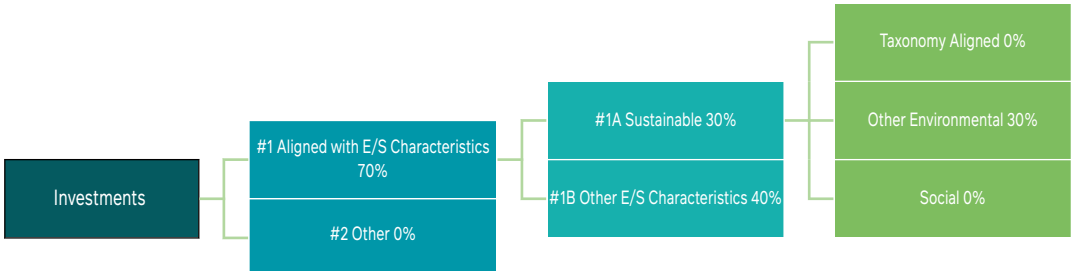
What is the asset allocation planned for this financial product?

A minimum of 70% of the Sub-Fund's Portfolio Investments will be aligned to the environmental or social characteristics promoted. This includes a minimum of 30% of Portfolio Investments that qualify as Sustainable Investments, as applied from the expiration of the Initial Period. A minimum of 0% (and a maximum of 30%) of the Sub-Fund's Portfolio Investments includes other investments not aligned to the environmental or social characteristics.

The minimum commitment to Sustainable Investments applies from the expiration of the Initial Period. The percentage of Portfolio Investments that are considered to be Sustainable Investments will be calculated on a cumulative basis as (1) the sum of invested and/or committed Portfolio Investments which qualify as Sustainable Investments, divided by (2) the sum of all invested and/or committed Portfolio Investments, expressed as a percentage. For the avoidance of doubt, Portfolio Investments (including Sustainable Investments) which have been disposed of and/or realised will be included within limbs (1) and (2) of the calculation.

All asset allocations below are expressed as a % of the sum of all invested and/or committed Portfolio Investments. Asset allocations below reflect the planned allocation of Portfolio Investments of the Sub-Fund resulting from the commitments outlined in the paragraphs above.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

  The Sub-Fund does not use derivatives to attain the environmental or social characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Sub-Fund does not target investment in taxonomy-aligned assets as part of its investment policy and therefore Investment Manager expects that 0% of the Sub-Fund's investments will be aligned with the environmental objectives under the Taxonomy Regulation.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

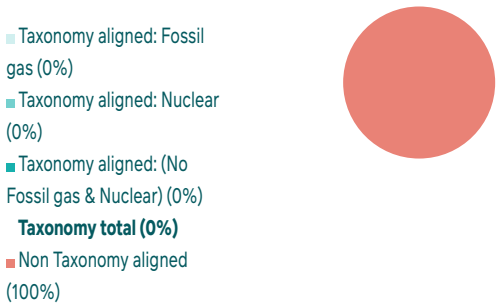
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

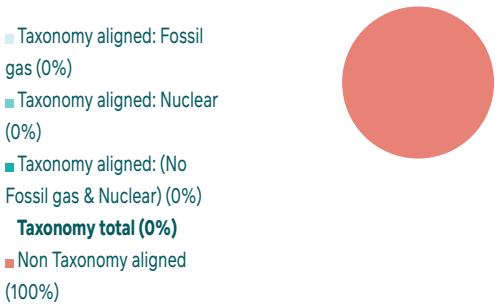
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



This graph represents 100% of the total investments.

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What is the minimum share of investments in transitional and enabling activities?**
The Sub-Fund does not set a minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?
The minimum share of sustainable investments with an environmental objective is 30% of Portfolio Investments, applicable from the expiration of the Initial Period. None of these assets are expected to be aligned to EU Taxonomy because the Sub-Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy regulation.

What is the minimum share of socially sustainable investments?
The Sub-Fund does not make sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments included in "#2 Other" consist of investments for diversification purposes or investments for which there is insufficient data.

For investments for which there is insufficient data and investments for diversification purposes, minimum safeguards comprise of exclusion of the companies that are assessed to be in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated to determine whether this Sub-Fund is aligned with the environmental and social characteristics that it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
  Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
  Not applicable.

- **How does the designated index differ from a relevant broad market index?**
  Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**
  Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
www.mandg.com/investments/institutional/en-global/sustainability-related-disclosures